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FISCAL IMPACT STATEMENT

LS 6984

BILL NUMBER: HB 1096

NOTE PREPARED: Dec 26, 2004

BILL AMENDED:

SUBJECT: Patient Compensation Fund.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Commissioner of the Department of Insurance (DOI) to retain independent legal counsel to defend the Patient Compensation Fund (PCF).

Effective Date: July 1, 2005.

Explanation of State Expenditures: Under current law, the DOI Commissioner, using money from the PCF, may purchase or retain the services of persons, firms, and corporations to aid in protecting the PCF against claims. The bill requires the Commissioner to retain the services of an independent counsel experienced in litigation of claims similar to the claim at issue to represent the DOI when a trial court determination will be necessary to resolve a claim against the fund.

The proposal will result in increased expenditures from the fund. Costs vary, but a motion for summary judgment is estimated to cost between \$7,500 and \$10,000. The average cost for a case that goes to a hearing on damages is \$20,000. Additional costs would be incurred if there were appeals. The actual impact of the bill is indeterminable, but would depend on the number and nature of cases raised involving the PCF.

Background. The PCF was created in 1975 to provide insurance protection to health care providers and compensation to patients involved in medical malpractice. The fund provides excess medical professional liability insurance to individual health care practitioners and institutions. Providers are assessed a surcharge. For CY 2002, total surcharges collected from health care providers and institutions equaled \$972 M, including interest and miscellaneous revenue. Judgments paid equaled \$944 M, leaving a fund balance of \$22 M. (Updated information will be provided if it becomes available.)

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Amy Strati, Commissioner, DOI, 232-3520; *Indiana Patient's Compensation Fund Annual Report* for 2001 and 2002.

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